

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF B.T.U. GAS COMPANY, INC. FOR) CASE NO.
APPROVAL OF A GAS COST RECOVERY TARIFF) 2011-00374

ORDER

On August 25, 2011, B.T.U. Gas Company, Inc. ("BTU"),¹ filed a tariff with the Commission wherein it proposed to establish a Gas Cost Adjustment ("GCA") clause in its tariff, effective for services rendered on and after September 25, 2011.² In an Order dated September 21, 2011, the Commission suspended the operation of the proposed tariff for five months, up to and including February 25, 2012. An informal conference between BTU and Commission Staff was held at the Commission's offices on September 22, 2011 to discuss the notice requirement for the proposed GCA tariff. On October 24, 2011, BTU filed its tear sheets and affidavit of publication for the notice of filing of the tariff. The information filed by BTU showed that publication of the notice of its proposed tariff occurred for three successive weeks in the *Salyersville Independent* beginning September 29, 2011, with the last publication on October 13, 2011.

The GCA provisions proposed by BTU are identical to those approved for other local distribution companies ("LDCs") in Kentucky. The mechanism contains provisions

¹ BTU is a gas distribution utility providing retail natural gas service in Magoffin County, Kentucky including portions of Salyersville and Royalton.

² This application was filed by Kentucky Frontier Gas, LLC, of Prestonsburg, Kentucky, Court Appointed Operator of B.T.U. Gas Company, Inc., U.S. Bankruptcy Court Order 10-70767 TNW, August 11, 2011.

for an Expected Gas Cost, which is a projection of the wholesale gas cost that will be charged to the LDC during the quarter the rates are in effect; a Refund Adjustment, which is used to return gas supplier refunds to customers; and an Actual Adjustment, which is a tracking mechanism that ensures that customers pay only the wholesale cost of gas, no more and no less. BTU's proposed tariff, like several other approved GCA tariffs, also contains a provision for an Interim Adjustment in case the utility realizes a significant change in wholesale gas cost outside of its normal quarterly filing cycle.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that BTU has satisfied its notice requirements for establishing a new tariff mechanism with which customer rates will be adjusted quarterly for gas cost, and that the proposed tariff should be approved as proposed, effective on and after the date of this Order.

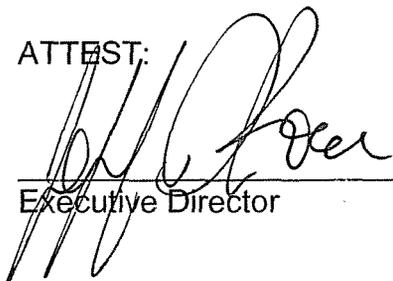
IT IS THEREFORE ORDERED that:

1. The proposed GCA clause is hereby approved effective on and after the date of this Order.
2. Within 20 days of the date of this Order, BTU shall file its revised GCA tariff with this Commission as authorized herein, reflecting that it was approved pursuant to this Order.

By the Commission

ENTERED ^{PA}
OCT 31 2011
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Honorable John N Hughes
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